

ST/P/C

C-O-N-F-I-D-E-N-T-I-A-L

## CURRENT SUPPORT BRIEF

UNITED ARAB REPUBLIC AWARDS SOVIET AID PROJECT TO WEST GERMANY

OFFICE OF RESEARCH AND REPORTS  
CENTRAL INTELLIGENCE AGENCY

This report represents the immediate views of the originating intelligence components of the Office of Research and Reports. Comments are solicited.

### W-A-R-N-I-N-G

This document contains information affecting the national defense of the United States, within the meaning of the espionage laws, Title 18 USC, Sections 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

UNITED ARAB REPUBLIC AWARDS SOVIET AID PROJECT TO WEST GERMANY

The UAR has arranged for West Germany to undertake the construction of the Euphrates Valley project in the Syrian Region--a project originally included among those to be implemented by the USSR under the 1957 Soviet-Syrian aid agreement. Soviet activity on the project to date has been limited to the preparation of preliminary studies as provided for in a contract signed in December 1959. These surveys containing Soviet estimates and recommendations were submitted to Syrian officials in September 1960. The aerial photography and topographic map for the whole basin and most of the Balikh tributary prepared by Soviet experts apparently were delivered during the first quarter of 1961. The Soviet experts proposed construction of a dam 30 meters high and 2,250 meters long requiring 10 million cubic meters of rock and soil fill. They recommended that the dam be constructed near the town of Tabka. At the proposed site, the dam would irrigate approximately 1,480,000 acres and produce 520,000 to 600,000 kilowatts of electric power. 1/

Syrian officials reportedly were very disturbed by the high cost of the Soviet surveys. They had expected the cost to be around \$2 million but, because of the high-priced equipment and the large number of Soviet experts, the survey costs came to over \$4 million. 2/ According to one report, the German experts will not accept Soviet plans and blueprints but intend to draw up their own. 3/

Syrian officials evidently were aware of the fact that the USSR did not intend to participate further in this project. A Cairo radio broadcast of 29 June 1961, replying to an accusation in a Communist paper in Beirut that the UAR had abandoned a former agreement with the USSR, pointed out that on two occasions the USSR had expressed its decision not to proceed with implementation of the project. According to the broadcast, this decision was first conveyed to UAR officials in March 1960 during the visit of the Chairman of the USSR State Committee for Economic Relations to the UAR to discuss implementation of the development projects in both regions. It was subsequently repeated to Syrian Vice-President Kahhalah during his visit to Moscow in September 1960 to conclude additional contracts under the 1957 Soviet aid agreement. 4/

The question of Iraqi riparian rights on the Euphrates still has not been settled. This problem undoubtedly accounted for some of Moscow's hesitation to proceed with the implementation of the project. The UAR, however, apparently has indicated to West Germany that it will settle the problem of distribution of the Euphrates waters with Iraq. According to the Soviet plans, Iraq would lose 28 percent of the Euphrates waters by the construction of the Syrian dam. 5/

The elimination of this project from the Soviet-Syrian aid agreement raises questions concerning the use of that portion of the Soviet credit which was obligated for construction of the project. Although contracts signed in Moscow in September 1960 provide for a considerable expansion of several of the other original projects, 6/ these projects would absorb only part of the credit which in effect has become unobligated as a result of the failure of the USSR to contract for construction of the Euphrates Dam.

The West German credit agreement, concluded in June, will be used to cover the costs of equipment and services provided by West German firms. West Germany has indicated that if the \$120 million credit is

30 August 1961

CIA/RR-61-46

Page 2

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

insufficient to meet the foreign exchange requirements it would try to obtain additional financing from other Western countries. The loan is to be repaid over a period of 20 years at 3-3/4 percent interest with the first payment to begin six years after signature of the agreement. 7/

The total cost of the project is estimated at \$~~240~~<sup>420</sup> million and includes construction of a storage dam, a diversion dam, an electric power generating plant, and electrical and irrigation networks. The foreign exchange costs have been reported as comprising anywhere from 30 to 50 percent of the total cost. 8/ The total cost and foreign exchange requirements are substantially larger than the preliminary cost estimates made in September 1958. At that time, the Syrian Minister of Public Works stated that the total cost of the project would be about \$320 million, of which \$70 million represented the foreign exchange costs. 9/ The West German estimates, however, may include additional electric power and irrigation facilities.

The project will be implemented in two stages and is expected to be completed by mid-1970. It is anticipated, however, that water will be available for irrigation and other purposes after completion of the first stage in about 2 to 3 years. When the project is completed the total area of land which will be irrigated by the waters of the Dam will be approximately 1,850,000 acres and about 600,000 kilowatts of electricity will be generated. 10/

A special unit, similar to the High Dam Authority in the Egyptian Region, will be set up to supervise the project. West German experts are expected to arrive shortly in Damascus to work out the final designs of the Dam and to plan the construction schedule.

30 August 1961

CIA/RR-61-46

Page 3

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

Analyst: [REDACTED]

Sources:

25X1A

1. State, Damascus, Dsp 428, 10 May 1961, C.
2. Ibid.
3. Middle East Economist, Vol. XV, July/August 1961, No. 7-8, U.
4. FBIS, ME and WE #125, op. cit.
5. Middle East Economist, op. cit.
6. State, Damascus, Dsp 77, 19 September 1960, C.
7. FBIS, ME and WE #125, 29 June 1961, OUO.
8. The Egyptian Gazette, 29 June 1961, U.
9. State, Damascus, Dsp 73, 17 September 1958, U.
10. State, Aleppo, Dsp 12, 21 July 1961, OUO.

*Delete*

30 August 1961

CIA/RR-61-46

Page 4

C-O-N-F-I-D-E-N-T-I-A-L